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TAGS: PINT DA

SUBJECT: GOVERNMENT FORMATION NO 2-SECOND ROUND

REF:COPENHAGEN 0120

SUMMARY. AFTE A SECOND ROUND OF INTENSIVE NEGOTIATIONS BETWEEN PRIMIN HARTLING AND THE SOCIAL DEMOCRATS ON THE ONE HAND AND THE PARTIES OF THE CENTER ON THE OTHER PARLIAMENT WILL OPEN JAN 23 WITH HIS LIBERALS CARRYING ON AS A SINGLE PARTY MINORITY GOVERNMENT. SINCE HARTLING WAS UNABLE IN HIS NEGOTIATIONS TO FIND A SECURE CONFIDENTIAL

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BASE OF PARLIAMENTARY SUPPORT HIS GOVERNMENT

MAY NOT SURVIVE THE FIRST SUBSTANTIAL LEGISLATIVE HURDLE. END SUMMARY

1. HARTLINGS SECOND ROUND OF INTERPARTY TALKS
COMMENCED JAN 15 WITH THE SOCIAL DEMOCRATS WHO
RECOMMENDED THAT HE DETERMINE WHETHER THE SIX PARTIES
WHICH BACKED HIS TAX REDUCTION LEGISTLATION IN SEPTEMBER
STILL SUPPORTED THE SAVINGS MEASURED NECESSARY TO
FINANCE THAT SEVEN BILLION KRONER (\$1.2 BILLION)
TAX REDUCTION. WITHOUT THE SUPPORT OF THOSE CENTER
PARTIES PLUS THE TOLERATION OF THE SOCIAL DEMOCRATS
THE GOVERNMENT'S BUDGET HAS NO PROSPECT
OF PASSAGE. BEHIND THE SOCIAL
DEMOCRATIC PROPOSAL LAY THE BELIEF THAT ONCE IT WAS
CLEAR THE GOVERNMENT WAS UNABLE TO PASS EVEN
THAT BASIC PIECE OF LEGISLATION HARTLING WOULD BE
FORCED TO RESIGN.

2. HE REMAINDER OF THE SECOND ROUND DISCLOSED AS THE SOCIAL DEMOCRATS HAD SUSPECTED THAT THE GOVERNMENT DOES NOT PRESENTLY HAVE SUFFICIENT SUPPORT FOR ITS SAVINGS PROPOSALS. ALTHOUGH GIVE OF THE SIX PARTIES STOOD BY THEIR COMMITEMENTS THE CONSERVATIVES WITHDREW THEIR BACKING FOR THE REDUCTION OF FAMILY SUPPORT SUBSIDIES BY GRADUATING THE BENEFIT IN ACCORDANCE WITH INCOME, A RELATIVELY LARGE ITEM IN THE SAVINGS PACKAGE. CONSERVATIVE PARTY CHAIRMAN POUL SCHLUTER DEMANDED AS A PRE CONDITION TO ANY COMMITEMENT OF SUPPORT THAT THE GOVERNMENT CHOOSE DEFINITEIVELY AS ITS MAIN PARLAIMENTARY SUPPORT PARTY EITHER THE SOCIAL DEMOCRATS OR GLISTRUPS PROGRESSIVES. THE CONSERVATIVE TACTIC OF COURSE WAS TO FORCE HARTLING EITHER TO ACCEPT THE SUPPORT OF GLISTRUPS PROGRESSIVES OR RESIGN. BOTH HILMAR BAUNSGAARD OF THE RADICAL PARTY AND JENS MOLLER OF THE CHRISTIAN PEOPLES PARTY IMMEDIATELY BLOCKED THE FORMER POSSIBILITY BY ANNOUNCING THEIR FIRM OPPOSITION TO ANY FORMAL COOPERATION AGREEMENT OR EVEN NEGOTIATION AT THE SAME TABLE WITH GLISTRUP

3.OVER THE WEEKEND AFTER IT BACAME CLEAR THAT HARTLING COULD FIND NO FEASIBLE BASE FOR A MAJORITY GOVERNMENT CONFIDENTIAL

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EXTRA PARLIAMENTARY PRESSURE WAS GENERATED IN SEVERAL QUARTERS TO FORCE HIM TO MAKE FURTHER CONCESSIONS IN ORDER TO FORM A SOCIAL DEMOCRATIC-LIBERAL MAJORITY GOVERNMENT. IN A FRONT PAGE EDITORIAL JAN 17 DENMARKS LARGEST TABLOID, BT CALLED FOR JUST SUCH A COALITION WITH A NEW FIGURE AS PRIME MINISTER. IN AN OPEN LETTER TO HARTLING ON SATURDAY 19 PROMINENT DANES ALSO CALLED FOR AN ALLIANCE BETWEEN THE TWO MAJOR PARTIES.

ON SUNDAY POLITIKEN PROPOSED THAT THE GOVERNMENT GIVE UP ITS STUBBORN DEFENSE OF ITS OWN "CRISIS PLAN" AND COMPROMISE ON SOME FORM OF THE SOCIAL DEMOCRATIC PLAN FOR ECONOMIC DEMOCRACY. A PRIVATE MEETING BETWEEN HARTLING AND JORGENSEN JAN 20 HOWEVER MERELY RECONFIRMED THAT THE DEEP CHASM BETWEEN THE SOCIALIST AND NON SOCIALISTS SIDES OF THE FOLKETING AND BETWEEN THE TWO RIVAL LEADERS WAS UNBRIDGEABLE.

4. THE SECOND ROUND ALSO CLARIFIIED THE POSITION OF THE RADICAL PARTY. A A LAST MINUTED EFFORT TO BRING THE RADICALS BACK INTO ALLIANCE WITH THE LIBERAL-LED CENTER BLOC HARTLING ON JAN 21 OFFERED THE RADICALS AND THE CHRISTIAN PEOPLES PARTY MINISTERIAL POSTS IN A LIBERAL RADICAL CHRISTIAN COALITION GOVERNMENT. THIS WAS REJECTED BY BAUNSGAARD ON THE GROUNDS THAT THE RADICALS STILL FAVORED THE FORMATION OF A MAJORITY GOVERNMENT IN FACT THE RADICALS ARE DETERMINED TO REMAIN UNCOMMITTED BUT ARE LEANING CLOSED TO THE SOCIAL DEMOCRATS IT APPEARS THE RADICALS HAVE AGREED TO ORGANIZE THE NEW PARLIAMENT (COMMITTEE ASSIGNMENTS ELECTION OF THE PRESIDIUM) IN CONCERT WITH THE SOCIAL DEMOCRATS A MOVE WHICH COULD GIVE THE TWO PARTIES CONTROL OF MANY COMMITTEE CHAIRMAN SHIPS. ALTHOUGH THE RADICALS COULD STILL INTRODUCE A MOTION REQUESTING HARTLINGS RESIGNATION IN ORDER TO CLEAR THE WAY FOR FURTHER NEGOTIATIONS ON A NEW GOVENMENT THEY HAVE BACKED OFF ON THIS TACTIC RECENTLY AFTER THE INTER PARTY TALKS DISCLOSED THE NEAR IMPOSSIBILITY OF ANY SOCIAL DEMOCRATIC LIBERAL COOPERATION EVEN UNDER RADICAL LEADERSHIP.

5. AT THIS READING ON THE EVE OF THE NEW PARLIAMENTS CONVENING THE LIBERAL GOVERNMENT INTENDS TO CONTINUE CONFIDENTIAL

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AT LEAST UNTIL SUCH TIME AS ITS PROGRAM IS SUCCESSFULLY OPPOSED BY A MAJORITY IN PARLIAMENT. A KEY LIBERAL PARLIAMENTARIAN ARNE CHRISTIANSEN TOLD THE POLCOUNS JAN 21 THAT NO REAL FIREWORKDS WERE EXPECTED UNTIL NEXT WEEK WHEN THE GOVERNMENT WILL SUBMIT MORE THAN A SCORE OF INDIVIDUAL BUDGET PROPOSALS CONCERNED WITH SAVINGS TO OFFSET THE TAX REDUCTION PASSED LAST SEPTEMBER (THE LIBERSL "CRISIS PLAN 75" HAS BEEN PUT TEMPORARILY ON THE SHELF) CHRISTIANSEN SAID THAT THE LIBERALS WOULD PROCEED COOLLY AND CALMLY WITH THESE PROPOSALS IN THE HOPE OF ATTRACTING THE NECESSARY SUPPORT FOR THEIR PASSAGE.HE NOTED HOWEVER THAT MOGENS GLISTRUP OF THE PROGRESS PARTY HAS ALRADY PROMISED TO RE INTRODUCE HIS BILL ABOLISHING THE GOVERNMENT'S TAX ON LARGE HOME APPLIANCES. LIBERAL MINISTER OF HOUSING AND

LABOR PHILIPSEN TOLD ANOTHER EMBOFF JAN 22 THAT HE EXPECTED THE DOWNFALL OF THE GOVERNMENT IN THE NEAR FUTURE.

6. THE GOVERNMENT WILL FACE IT FIRST MAJOR HURDLE NEXT WEEK ON ITS TAX SAVINGS MEASURES. HARTLING IS GAMBLING THAT THE CENTER PARTIES AND GLISTRUP'S PROGRESSIVES WILL RALLY TO HIS SUPPORT WHEN FACED WITH THE ALTERNATIVE OF A SOCIAL DEMOCRATIC MINORITY GOVERNMENT. GIVEN THE BALANCE OF POWER IN THE NEW PARLIAMENT THAT APPEASR TO BE AN OPTOMISTIC EXPECTATION. CROWE

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